

Cigarette and Tobacco Product Sales Compliance Inspections

Why are you inspecting my business?

We are inspecting your business to see if you are following state laws that control the sale of cigarettes and tobacco products in California.

What are you looking for?

We will check to see if

- You have a license from our agency to sell cigarettes and tobacco products.
- You bought your cigarettes and tobacco products from a licensed seller.
- The cigarettes in your inventory have California tax stamps attached to them and whether they are legal to sell.

All of this is required by state law primarily known as the California Cigarette and Tobacco Products Licensing Act of 2003 (Division 8.6 of the California Business and Professions Code).

What will happen during the inspection?

Our inspectors will enter your business, identify themselves to you or your employees, and show Board of Equalization-issued identification. They will ask you to

- Show them your personal identification.

- Show them your full cigarette and tobacco products inventory.
- Provide all of your cigarette and tobacco product purchase and sales invoices for the last year.
- Let them know the location of your cigarette and tobacco product purchase and sales invoices (or register tapes) for up to four years.

The inspectors will inspect the cigarette and tobacco products at your business location and in buildings or storage containers where you may keep additional product. They will electronically scan the tax stamps on cigarettes in your inventory. They will also review your purchase and sales invoices to see whether those invoices reconcile with your inventory. You will also be given a copy of publication 78, *Sales of Cigarettes and Tobacco Products in California*, that provides additional information on the program.

What happens if the inspectors find products that I can't legally sell?

The inspectors may seize any untaxed, counterfeit, or illegal cigarette or tobacco products they find. They may also issue you a citation.

Can I get seized products back?

You have the right to ask that your product be returned. If our inspectors seize any products during the inspection, we will mail you a notice listing the products and describing your right to challenge their seizure. We will include a *Petition for Release or Recovery of Property* form with the notice.

Under state law, seized cigarettes or tobacco products can be returned only if we seized them by mistake or illegally. To ask for your products back, you must send us a completed petition form and explain why our inspectors' action was wrong or illegal. We will notify you in writing of our decision.

Do I have any rights related to this inspection?

Yes, you have specific legal rights as a California taxpayer. Our employees must honor and protect those rights. As explained in our publication 70, *Understanding Your Rights as a California Taxpayer*, you have the right to

- Courteous and prompt service
- Fair treatment



BETTY T. YEE
Acting Member
1st District
San Francisco

BILL LEONARD
2nd District
Sacramento/Ontario

CLAUDE PARRISH
3rd District
Long Beach

JOHN CHIANG
4th District
Los Angeles

STEVE WESTLY
State Controller

RAMON J. HIRSIG
Executive Director
Sacramento

- Confidentiality
- Information and assistance
- Speak to or write your elected Board of Equalization Members

Can I file a complaint if I have concerns about the inspection or the inspector's behavior?

Yes. If you believe an inspector was unprofessional or violated your rights, you may file a complaint by

- Calling the Investigations Division at 916-324-0105.
- Writing to the Investigations Division, MIC: 42; Board of Equalization; P.O. Box 942879; Sacramento, CA 94279-0042.
- Using the Internet. See www.boe.ca.gov/info/icomplaint.htm.

Be sure to explain what you think the inspector did that was wrong.

Your complaint will be handled by an Investigations Division supervisor or manager, who will contact you in writing. If you are unable to resolve your problem with the Investigations Division or prefer to have your complaint handled outside the division, you may contact our Taxpayers' Rights Advocate Office.

Taxpayers' Rights Advocate Office

Our Taxpayers' Rights Advocate Office helps taxpayers who have not been able to resolve a matter through routine channels, when they want information about procedures related to a particular situation, or when there appears to be a violation of their rights.

You may call the office toll-free at 888-324-2798 or contact them at www.boe.ca.gov/info/emailtra.htm. The office will independently investigate your inspection complaint and respond.

For more information

If you have any questions about the inspection, you may contact our Investigations Division at 916-324-0105. More information on the Cigarette and Tobacco Products Licensing Act is available from our Excise Taxes Division at 916-327-4208.

You may also print out or order the following publications from our website, www.boe.ca.gov, or by calling our Information Center at 800-400-7115 (TDD/TTY: 800-735-2929):

- 4 -A California Cigarette and Tobacco Products Licensing Act of 2003 (available in hardcopy only, call the Information Center listed above to order a copy)
- 63 Cigarette Distributor Licensing and Tax Stamp Guide
- 70 Understanding Your Rights as a California Taxpayer
- 78 Sales of Cigarettes and Tobacco Products in California
- 78-S Venta de Cigarrillos y Productos de Tabaco en California (Spanish)
- 93 Cigarette and Tobacco Products Taxes

Tax evasion hurts all of us . . .

To report suspected tax evasion, call our Tax Evasion Hotline at 888-334-3300 or the Investigations Division at 916-324-0105.

